

February 13, 2004

**MEMORANDUM**

SUBJECT: FY 2004 and FY 2005 Guidance for Water Quality Cooperative Agreements (104 (b)(3))

FROM: James A. Hanlon, Director /s/  
Office of Wastewater Management

TO: Water Management Division Directors  
Regions I-X

The purpose of this memorandum is to provide you with guidance and procedures for processing Water Quality Cooperative Agreements for both FY 2004 and FY 2005. Attachment 1 contains tentative Regional allocations for FY 2004, which will be confirmed once the FY 2004 operating plan is final. These same amounts should be used as tentative planning amounts for FY 2005.

We have initiated the process to have the allotments for FY 2004 reprogrammed to the Regions. You will prepare your own commitment notices. You should ensure that all projects are consistent with this guidance and the regulations governing the award and administration of Water Quality Cooperative Agreements, which are 40 CFR Part 30 (for institutions of higher learning, hospitals, and other non-profit organizations) and 40 CFR Part 31 and 40 CFR Part 35 Subparts A and B (for States, Tribes, local governments, intertribal consortia and interstate agencies)

In accordance with EPA Order 5700.6, issued January 8, 2004, each Region providing assistance must develop and carry out a post-award monitoring plan and conduct basic monitoring for every award. From the programmatic standpoint, this monitoring should ensure satisfaction of five core areas: (1) compliance with all programmatic terms and conditions, (2) correlation of the recipient's work plan/application and actual progress under the award, (3) availability of funds to complete the project, (4) proper management of and accounting for equipment purchased under the award, and (5) compliance with all statutory and regulatory requirements of the program. If during monitoring it is determined that there is reason to believe that the grantee has committed or commits fraud, waste and/or abuse, then you must contact the Office of the Inspector General. Advanced monitoring activities must be documented in the official grant file and the grantee compliance database.

In accordance with Agency policy, which requires competition for programs of \$75,000 or more, and Part 35 regulations, each Region must have in place a competitive process for project selection for award to States, Tribes, Local Governments, Interstate agencies and other eligible recipients. Region 1 is piloting a process to improve the integration of its PPG planning process with the States and the competition requirements of this program.

Water Quality Cooperative Agreement funding may only be provided for projects (unlike the Wetlands funds which may be used for both programs and projects) pursuant to Section 104 (b)(3) of the Clean Water Act, which includes: "research, investigations, experiments, training, demonstrations, surveys, and studies relating to the cause, effects, extent, prevention, reduction, and elimination of pollution." Even though specific projects funded from these Water Quality Cooperative Agreement funds may be included in Performance Partnership grants, these funds are not to be used for continuing program operations. Water Quality Cooperative Agreement projects should be awarded for innovation, not ongoing operation of programs, systems, equipment or construction of infrastructure, except to a limited degree to demonstrate innovative prevention or removal of pollution.

For your information I have attached a list (Attachment 2) of the priorities that we intend to use for the selection of Headquarters Water Quality Cooperative Agreement projects. This list is extracted from our Federal Register Notice which has been provided separately. We encourage you to consider this list as you develop your priorities and plans for FY 2004 and FY 2005.

Although it is no longer a set-aside, \$1 million of the total allocation is distributed according to the 106 Tribal allocation formula. Regions should solicit projects from Indian Tribes at the same time as State and other organizations unless a Region has established a separate Tribal process and schedule. The same criteria should be used to evaluate Tribal proposals, keeping in mind the Agency goal to strengthen implementation of tribal environmental protection.

You are strongly urged to negotiate at least a minimal match when awarding these grants. This match may be in the form of in-kind services. Funding to States, Indian tribes, or other organizations, where no significant progress has been made on previously funded grants, is strongly discouraged.

To ensure we are well positioned to demonstrate accountability for program outcomes, we will continue to need information regarding the cooperative agreements that have been and are being awarded. The information requested is basic information on all awards including award date, grant amount, name and category of grantee, and description of project or scope. In addition to this basic information in FY 2004, we will work with you to develop information regarding outcomes of previous and current projects which support the Agency's significant investment in the Water Quality Cooperative Agreement program.

An annual report on Water Quality Cooperative Agreement awards is required. Please provide the information referenced above in the format (Attachment 3) by October 31, 2004, for the FY 2004 awards. In the interest of information exchange, we would also like to continue receiving copies of the final reports for projects funded through this program. Please send the award information and these reports to Debra Renwick. Attachment 3 is a copy of the requested format of the information desired in a spread sheet program.

As a reminder, eligible award recipients are shown in Section 104(b)(3) of the Clean Water Act. The Catalog of Federal Domestic Assistance number is 66.463 and the associated program code is CP.

If you have any questions concerning this guidance, please contact me at (202) 564-0748 or have your staff contact Barry Benroth at (202) 564-0672 or Debra Renwick at (202) 564-0569

Attachments

cc: OWM Division Directors and Branch Chiefs  
Regional NPDES Branch Chiefs  
Grants Administration Division  
Regional Coordinators

## ATTACHMENT 1

### Tentative FY 2004 104(b)(3) Grants Regional Allocation

Region 1	\$1,408,790
Region 2	\$1,873,680
Region 3	\$1,426,700
Region 4	\$1,974,470
Region 5	\$2,668,210
Region 6	\$1,051,840
Region 7	\$638,560
Region 8	\$751,740
Region 9	\$1,397,480
Region 10	\$778,530
Total	\$13,970,000

## ATTACHMENT 2

### **FY 2004/2005 WATER QUALITY COOPERATIVE AGREEMENT PRIORITIES**

#### **Water and Wastewater Infrastructure**

Benefits assessment of wastewater infrastructure investments including funding from the Clean Water State Revolving Fund program.

Tools, techniques, benchmarking, or training for more efficient wastewater and other systems performance.

Capacity development for Tribes, Native Villages, and small communities to effectively operate and maintain water and wastewater treatment facilities.

Innovative water efficiency programs or techniques to reduce infrastructure costs or municipal water use.

Demonstration of remote techniques for assessing the performance and environmental impacts of on-site/decentralized wastewater systems.

Innovative approaches or methods to reduce risk or impact of terrorist or other attacks to integrity and effectiveness of wastewater collections and treatment.

#### **Impacts of Wet Weather Flows**

Test results achieved by peak excess flow technologies in collection systems at CSO outfalls and at treatment plants, and test performance of devices before and after blending. Testing may include pollutants in effluent or ambient settings.

Measure, or develop tools to determine the effectiveness of storm water BMPs.

Develop and pilot storm water discharge and ambient water monitoring techniques for gauging water quality improvements.

Develop and pilot sample performance measures for use by small Municipal Separate Storm Sewer Systems (MS4s) to incorporate into storm water management plans.

Outreach on low impact development (LID) and its potential uses.

Provide tools to help permittees select options and overcome barriers in storm water pollution prevention plan development.

#### **Pathogens**

Conduct studies on monitoring pathogens in wastewater and biosolids, including bacteria, viruses and parasites.

Conduct studies on treatability of pathogens in wastewater.

Characterization of impacts of pH levels on municipal infrastructure systems (pretreatment discharges to POTWs).

#### **National Pollutant Discharge Elimination System (NPDES) Program Strategies to implement watershed-based efforts**

Conduct a demonstration project that provides support to facilitate watershed-based permitting and trading.

Develop and pilot innovative techniques to facilitate NPDES program management for enhanced results, integrity and/or efficiency.

### **Animal Feeding Operations**

Develop and demonstrate innovative or alternative technologies for CAFOs to treat  
/process wastewater or manage manure.

CAFO producer outreach programs to train/educate the industry on implementation of the  
CAFO rule.

ATTACHMENT 3

**Information Requested on Water Quality Cooperative Agreements**

STATE	REGION	YEAR	TYPE	GRANTEE	AWARD AMOUNT	CATEGORY	DESCRIPTION	EXPECTED OUTCOMES
State where project located	Number of Region reporting	FY of Award	S=State I=Interstate T-Tribe L-Local U=University O=Other	Recipient of Assistance Agreement	Amount of Current Year Award	Stormwater TMDL SSO CSO Water Quality Watershed Water Standards etc.	Brief Description - Indicate if carry on from previous year include date of award	